

HB 274 1st Substitute / Utah K-8 Online Virtual School / Analysis (2/22/2008)

The original version of the bill was identical to HB 172 from the 2007 General Session, and this substitute is identical to the original except for a significant change in funding (lines 99 ff.). Like the original, the substitute (in Sections 3 and 4) requires the Board to establish and coordinate a virtual elementary school similar to the Electronic High School and make rules governing the participation of virtual school students in "real" schools.

The original appropriated \$4,713,150 for the first year of operation in addition to \$100,000 for start up and then a maximum of 1.3 times the value of the WPU for ongoing costs in subsequent years. This was consistent with the information obtained from a February 12, 2007, meeting with the director of the Davis School District's virtual elementary school on the costs of operating such a school on a strictly online/telecommunications basis, from which Patrick Ogden derived an estimate of \$3,166 per student, or 1.26 times the value of the WPU, in ongoing costs plus \$81,600 in start up funds.

This substitute now explicitly appropriates only \$754,000, plus, implicitly, a maximum of \$3,771,000 ($= 1.0 * \text{value of WPU} * \text{maximum allowed enrollment} = \$2514 * 1500 \text{ students}$). If the official fiscal note to the original version is correct [<http://le.utah.gov/lfa/fnotes/2008/hb0274.fn.pdf>] — and it seems reasonable — the disparity of about \$250,000 between the two versions would be offset by students switching from regular schools to the virtual school within the public system. But that is not really the issue.

The issue is that there is no consensus among the most influential parties on how the funding mechanism will work, especially with respect to the role and responsibility of LEAs. I have heard three interpretations of the bill that cannot be easily reconciled:

One interpretation is that LEAs have no role or responsibility except insofar as the USOE contracts with them to provide specific services auxiliary to the virtual school [Ben Leishman, email, 2/22/2008]. In this view, the USOE is primarily responsible. Another interpretation is that the USOE will provide services only through LEAs [Patti Harrington, email, 2/22/2008]. In this view, the LEA is primarily responsible. Still another interpretation is that LEAs will function as registrars and perhaps also as fiscal agents [House Education Committee, audio archives, 2/22/2008]. In this view, responsibility for services appears to be more or less equally shared between the state and local levels.

In addition, there are certain policy issues which are not addressed by the bill, but which have significant cost implications, although they will be treated here primarily in qualitative terms.

First, it will not be possible for the state to limit enrollment — or costs — with respect to special education students, and the virtual school option may be especially appealing to parents of children with autism or emotional disorders, since the bill would make it possible for such families to effectively demand that the state provide special education teachers in their homes. This would be a new responsibility for the public education system. [Wendy Carver, interview, 2/22/2008]

Second, the state will be obligated to provide computer hardware and software, internet connectivity, installation, maintenance, and technical support on demand to — as well as management of appropriate use in and eventual repossession from — participating households. This would be a new responsibility for the public education system. [Carol Lear, email, 1/10/2008]

Third, all students must participate in state sponsored assessment. The annual cost per virtual student for assessment has been estimated by the USOE at approximately \$300 because of the need — in order to maintain the integrity of the assessment system — to specially prepare computers for testing, procure space in test centers, and proctor exams. Assessment of virtual school students is new this year. This is a logical extension of the public demand for accountability. [Debbie Swensen, email, 1/18/2008]

None of these issues were contemplated in the original cost estimates based on the Davis experience in 2007, and, in light of these issues, whether the limitation of funding to at most one WPU per student (plus modest annual supplemental appropriations) is adequate will depend largely on the needs of the students whose families are attracted to this option for schooling. Anecdotally, Davis has reported unusually high rates of illness among virtual school students during testing as well as difficulty in getting parents, who claimed the need for equipment, to return what the district loaned. [Carol Lear, email, 2/22/2008]

The most likely course of action for the Board in implementing the bill would be to establish the virtual school with one-time funds and thereafter to coordinate the school indirectly by contracting out its operation in all of its facets to a vendor [Patti Harrington, email 2/22/2008]. Note that use of a vendor is consistent with any of the three interpretations of legislative intent outlined above.